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**Testimony of BusinessLINC National Coalition
before the
Senate Committee on Small Business and Entrepreneurship
Hearing on the Proposed FY '03 Budget for the Small Business Administration
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Chairman Kerry, Ranking Member Bond and members of the Committee,

Thank you for the opportunity to provide testimony to the Committee. The Small Business Administration's (SBA) proposed budget for the 2003 fiscal year does not include funding for the BusinessLINC program. We find this particularly disappointing given BusinessLINC's proven success at the local level, the overwhelming support for this program by corporations, especially the Business Roundtable (an association of chief executive officers of leading corporations with a combined workforce of more than 10 million employees in the United States and \$3.5 trillion in revenues), the lack of programmatic alternatives to BusinessLINC at the SBA, and the relatively short amount of time the program has been in existence. In these difficult economic times it makes more sense to continue support for programs that promote economic growth and increased business-to-business partnerships than to eliminate them.

In 1998, the Treasury Department and the Small Business Administration, in partnership with other federal agencies, visited communities around the country to meet with hundreds of small business owners, corporate CEO's, and civic and business leaders to learn about the real-world partnerships of large and small businesses. Staff of the agencies conducted additional research, including in-depth interviews with experts, and a CEO working group which provided additional material and extensive input. The one constant to the research was the need of small businesses for relationships and working partnerships with large companies. Following those meetings, Treasury and SBA released a report entitled "BusinessLINC: Business-to-Business Relationships that Increase the Economic Competitiveness of Firms". This report catalogued those corporate relationships, identifying thirteen (13) different, successful strategies, models and programs.

As a result of the report, the BusinessLINC program was created in 1999 as a public-private partnership led by the Small Business Administration and the Treasury Department on the federal side, and a national coalition of business and community leaders, led by the Business Roundtable (BRT) on the private side. BusinessLINC was officially launched in August of 1999 as a public-private partnership with the primary goal of encouraging large firms to provide mentoring, technical assistance, business advice, networking, investment and business opportunities for locally-owned smaller firms, particularly minority- and women-owned firms, and those located in economically distressed communities.

At the launch of BusinessLINC, the SBA, the Treasury Department and the BRT designated six (6) initial BusinessLINC local coalitions in Boston, Chicago, the Dallas/Fort Worth, New York

City, the Mississippi River Delta and Washington, D.C. Since that time, an additional seven (7) local coalitions have been announced in Cleveland, Flint, Houston, Richmond, San Francisco, Indian Country, and the Southwest Border. Each local coalition is chaired by a CEO of a major corporation and hosted by community, civic and business organizations in the region, matching small businesses with business units of large corporations located in that community. While the focus and activities of each coalition are based on one or more of the best practices models identified in the BusinessLINC Report, it became clear, early on, that each community was different and required different types of programs. The inherent innovation of the program, indeed, the key to its success has been the ability of local coalitions and their corporate partners to tailor the program to the specific needs of their small business community, adapting it to their own business climate. As a direct result of BusinessLINC, BRT members and other corporate partners have engaged in a wide range of partnerships with small businesses. Whether the local coalition provides mentoring, technical assistance, contracting or procurement opportunities, or some combination thereof, small businesses are given the opportunity to engage in close, long-term relationships with corporations.

While it is clear that small businesses receive benefits from the program, you may ask why BRT members and other large corporations would be interested in participating in it. First, the local coalitions provide a valuable service to large corporations, “vetting” the small businesses prior to matching them with their larger partners, ensuring that the small businesses are prepared and have the necessary tools to engage in relationships with the larger businesses. Second, whether the small business is the large corporation’s just-in-time supplier of widgets, the on-site facility maintenance, the provider of legal or accounting services, or the downstream distributor upon which the large corporation relies to sell its products; the smaller business is absolutely necessary to the continued success of the larger business. Third, large businesses recognize that they are only as strong as the communities in which they are located and in which their employees live, and small businesses play an important role in securing community stability and economic viability.

Some have argued that BusinessLINC is no different from other SBA programs. While similar, BusinessLINC is the one program that takes the administrative work out of the hands of the large and small businesses, matching the small businesses with an appropriate partner based on its needs and on existing business and market opportunities. BusinessLINC also creates personal relationships between people who are still actively engaged in business on a day-to-day basis, and who understand the ins and outs of the particular industry.

Up to this point, BusinessLINC has been a strong partnership between the government, local communities and businesses. Federal funding has been used for the continued support of the local efforts, while the BRT and BusinessLINC’s local partners have provided the needed support for the BusinessLINC National Coalition and for local matching funds. Unfortunately, local BusinessLINC coalitions have only begun to realize the many successes borne of their work. As you know, the attacks on September 11 reversed whatever economic progress was being made following the recession, creating a ripple effect throughout the economy, and, to large extent, the bottom line of small business. Now is not the time to eliminate a program that is creating economically viable partnerships between small and large businesses, and making a real difference in our towns and in people’s pocketbooks.